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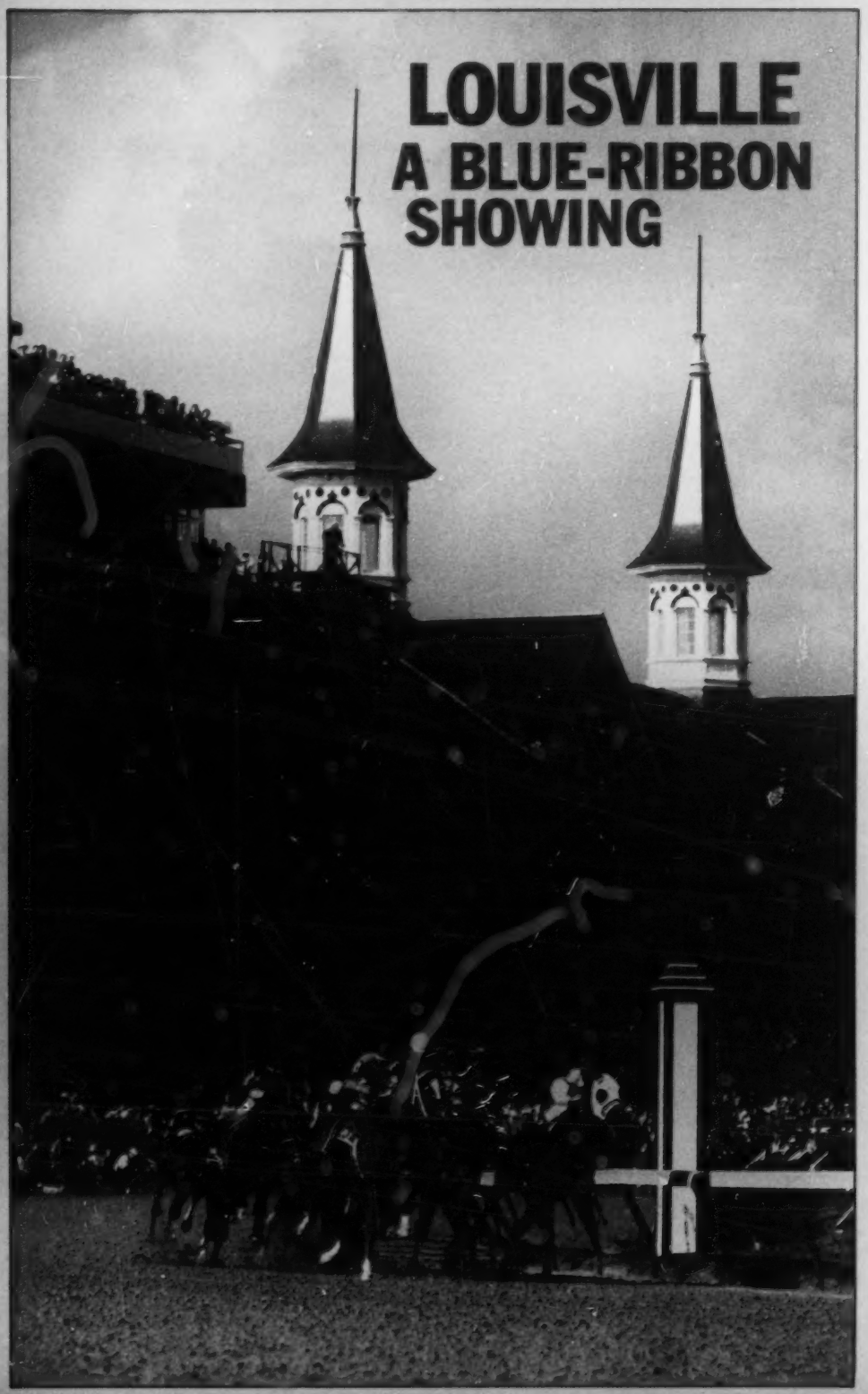
RV BUSINESS

DECEMBER 7, 1990



LOUISVILLE
A BLUE-RIBBON SHOWING

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BELTS TIGHTEN ACROSS THE BOARD

GAYLORD MAXWELL

At first glance, our Dealer Advisory Board's (DAB) figures indicated a "not too shabby" September. But, digging deeper into the numbers, we found that it was a very difficult month for most of our board members. It was most apparent that the effects of higher gas prices, the Persian Gulf crisis and a sluggish economy had been felt, in no uncertain terms.

On the good side, the total sales volume for the board was not too far off from the total for the first nine months of last year.

Total unit sales for the month were only slightly behind those of last September. Sales of one RV type were actually up, one type was the same, and one was only slightly off.

Five board members actually were up in dollars taken in for September. However, one board member's large dealership experienced a tremendous sales upsurge ($1.4 million!), which offset the declines of three-quarters of the rest of the DAB.

New-unit sales were down 12% for the month. More to the heart of the matter, profits were down enormously. There were more poor ratings for bottom lines than we ever have seen on a monthly report, and most of the others were rated only fair. Reports of greatly increased sales costs were matched by an equal number telling of cuts in expenses, staff and working hours.

Most members of the DAB said that their inventories, both new and used, were high, while both lot traffic and number of new buyers were rated low. Both of those indicators suggested basic problems in the marketplace, and it was equally clear that belt-tightening had been the primary activity at most dealerships.

Inventories, both new and used, were high.

Motorhomes

Most motorhome dealers took it on the chin in September, especially the big dealers. The one exception was a very large DAB dealership that more than doubled sales for the month, thanks primarily to discount buying and discount sales. Most others saw their new-unit sales fall to below half those of last year.

Used units, however, moved well; sales were up from last September by 12%. Although several motorhome dealers rated profits poor, they tended generally to be fair to good.

Year-to-date, new-unit sales were off by a substantial amount for the DAB, while the used column remained barely on the minus side. Perhaps the reason used sales held up well was that people still wanted motorhomes but were unwilling to invest the price of new rigs while economic conditions remained in a state of confusion. Or it could be that many dealers reduced used inventories at prices buyers couldn't resist.

It would appear that the motorhome market isn't going to fall apart, but it appears equally likely that there will be a rough road ahead for dealers and manufacturers.

Travel Trailers

For the first time this year, new-unit sales of travel trailers fell behind those of the corresponding month last year. The drop was slight, but a substantial change from the tally for the year-to-date. Most dealers were close to last year's numbers in both new and used. Profits were generally rated fair to good.

Hopefully, we aren't seeing the beginning of a trend in a downward direction after such a great year. Unfortunately, the odds are that we are.

Truck Campers

New-unit sales managed to stay equal with those of last year for September. Our largest DAB camper specialist actually quadrupled last year's sales. Used units fared even better, with sales well ahead of those of last September. Profits were rated a bit on the weak side.

Sales weren't astounding, but they could

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
MOTORHOMES	90	121	−26	986	1,228	−20	109	97	+ 12	1,145	1,175	− 3
TRUCK CAMPERS	19	19	0	255	293	−13	9	8	+ 13	166	134	+24
FIFTH-WHEELS	41	39	+ 5	446	394	+13	21	29	− 28	244	247	− 1

	FOR MONTH			YEAR-TO-DATE		
	SEPT. 1990	SEPT. 1989	% CHANGE	1990	1989	% CHANGE
TOTAL UNIT SALES	501	529	− 5	6,347	6,447	−2
USED-UNIT SALES	241	232	− 4	2,770	2,779	(+1

The "DAB Perspective" is a compilation of data provided by *RV Business'* Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altuna,** Baldwin Park, Calif.; **Bob Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pecoima, Calif.; **David Mellana,** Victor, N.Y.; **Crosby Forrest,** Newport News, Va.; **Don Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Robert Jensen,** Layton, Utah; **Johnny Ketelsen,** Marion, Iowa; **Newton Kindhead,** Orlando, Fla.; **Roger Kirschner,** Salem, Ore.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Miller,** Fayetteville, N.C.; **Steve Morse,** Warwick, R.I.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sleemers,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

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DAB *continued*

get better. The guy with a truck who wants to do a bit of traveling might find a camper, particularly a used one, to be a very inexpensive way to go.

Folding Camping Trailers

It is difficult to evaluate sales of this RV type at this time of the year because the unit numbers drop so low. At the same time, the percentage drop in September was substantial, which probably indicated that working people were being extra-cautious – with good reason.

That is a situation that easily could get much worse.

Fifth-wheels

With a good record for the year-to-date, fivers remained in the plus column again in September. The monthly increase didn't match that for the year-to-date, but it was significant in that fivers were the only category to have a plus in new-unit sales for the month. Used sales were rather dismal, however, and fell substantially from the normal rate.

As the benchmark for snowbird sales, the fifth-wheel trend indicates that retirees are still in the market. That is the most hopeful sign for the month. Δ

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